

AMENDED IN ASSEMBLY JUNE 7, 2012

AMENDED IN SENATE APRIL 26, 2012

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1332**

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**Introduced by Senator Negrete McLeod**

February 23, 2012

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An act to amend and renumber Section 387.6 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1332, as amended, Negrete McLeod. Renewable energy resources: electric utilities.

(1) Existing law requires a local publicly owned electric utility that sells electricity at retail to 75,000 or more customers to adopt and implement a tariff for electricity purchased from an electric generation facility meeting certain size, deliverability, and interconnection requirements and to consider certain factors. Existing law requires the local publicly owned electric utility to make the tariff available to owners and operators of an electric generation facility within the service territory of the utility, upon request, on a first-come-first-served basis, until the utility meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under the feed-in tariffs adopted pursuant to the above-described requirements. Existing law provides that the electricity purchased from an electric generation facility counts toward meeting the local publicly owned electric utility's renewables portfolio standard annual procurement targets.

This bill would move this requirement to that portion of the Public Utilities Code concerning the California Renewables Portfolio Standard

Program and would require that the tariff be adopted by ~~March 1, 2013~~ *July 1, 2013*. The bill would make other technical and nonsubstantive changes.

Existing law requires that the governing board of a local publicly owned utility ensure that the adopted tariff reflects the value of every kilowatthour of electricity generated on a time-of-delivery basis.

This bill would additionally require the board to consider avoided costs for distribution and transmission system upgrades, whether the facility generates electricity in a manner that offsets peak demand on the distribution circuit, and all current and anticipated environmental and greenhouse gases reduction compliance costs ~~and avoided costs~~.

By imposing additional requirements upon a local publicly owned electric utility, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 387.6 of the Public Utilities Code is
- 2 amended and renumbered to read:
- 3 399.32. (a) It is the policy of the state and the intent of the
- 4 Legislature to encourage electrical generation from eligible
- 5 renewable energy resources.
- 6 (b) As used in this section, “electric generation facility” means
- 7 an electric generation facility located within the service territory
- 8 of, and developed to sell electricity to, a local publicly owned
- 9 electric utility, and that meets all of the following criteria:
- 10 (1) Has an effective capacity of not more than three megawatts.
- 11 (2) Is interconnected and operates in parallel with the electrical
- 12 transmission and distribution grid.
- 13 (3) Is strategically located and interconnected to the electrical
- 14 transmission and distribution grid in a manner that optimizes the
- 15 deliverability of electricity generated at the facility to load centers.
- 16 (4) Is an eligible renewable energy resource pursuant to this
- 17 article.

1 (c) A local publicly owned electric utility that sells electricity  
2 at retail to 75,000 or more customers shall adopt a standard tariff  
3 for electricity purchased from an electric generation facility by  
4 ~~March 1, July 1, 2013.~~

5 (d) The governing board of the local publicly owned electric  
6 utility shall ensure that the tariff adopted pursuant to subdivision  
7 (c) reflects the value of every kilowatthour of electricity generated  
8 on a time-of-delivery basis, and shall consider avoided costs for  
9 distribution and transmission system upgrades, whether the facility  
10 generates electricity in a manner that offsets peak demand on the  
11 distribution circuit, and all current and anticipated environmental  
12 and greenhouse gases reduction compliance costs ~~and avoided~~  
13 ~~costs~~. The governing board may adjust this value based on the  
14 other attributes of renewable generation. The governing board  
15 shall ensure, with respect to rates and charges, that ratepayers that  
16 do not receive service pursuant to the tariff are indifferent to  
17 whether a ratepayer with an electric generation facility receives  
18 service pursuant to the tariff.

19 (e) A local publicly owned electric utility that sells electricity  
20 at retail to 75,000 or more customers shall make the tariff available  
21 to the owner or operator of an electric generation facility within  
22 the service territory of the utility, upon request, on a  
23 first-come-first-served basis, until the utility meets its proportionate  
24 share of a statewide cap of 750 megawatts cumulative rated  
25 generation capacity served under this section and Section 399.20.  
26 The proportionate share shall be calculated based on the ratio of  
27 the utility's peak demand compared to the total statewide peak  
28 demand.

29 (f) The local publicly owned electric utility may make the terms  
30 of the tariff available to owners and operators of an electric  
31 generation facility in the form of a standard contract.

32 (g) Every kilowatthour of electricity purchased from an electric  
33 generation facility shall count toward meeting the local publicly  
34 owned electric utility's renewables portfolio standard annual  
35 procurement targets for purposes of Section 399.30.

36 (h) (1) A local publicly owned electric utility may establish  
37 performance standards for any electric generation facility that has  
38 a capacity greater than one megawatt to ensure that those facilities  
39 are constructed, operated, and maintained to generate the expected

1 annual net production of electricity and do not impact system  
2 reliability.

3 (2) A local publicly owned electric utility may reduce the three  
4 megawatt capacity limitation of paragraph (1) of subdivision (b)  
5 if the utility finds that a reduced capacity limitation is necessary.

6 (i) Within 10 days of receipt of a request for a tariff pursuant  
7 to this section from an owner or operator of an electric generation  
8 facility, the local publicly owned electric utility that receives the  
9 request shall post a copy of the request on its Internet Web site.  
10 The information posted on the Internet Web site shall include the  
11 name of the city in which the facility is located, but information  
12 that is proprietary and confidential, including, but not limited to,  
13 address information beyond the name of the city in which the  
14 facility is located, shall be redacted.

15 (j) A local publicly owned electric utility may deny a tariff  
16 request pursuant to this section if the local publicly owned electric  
17 utility makes any of the following findings:

18 (1) The electric generation facility does not meet the  
19 requirements of this section.

20 (2) The transmission or distribution grid that would serve as the  
21 point of interconnection is inadequate.

22 (3) The electric generation facility does not meet all applicable  
23 state and local laws and building standards, and utility  
24 interconnection requirements.

25 (4) The aggregate of all electric generating facilities on a  
26 distribution circuit would adversely impact utility operation and  
27 load restoration efforts of the distribution system.

28 (k) Upon receiving a notice of denial from a local publicly  
29 owned electric utility, the owner or operator of the electric  
30 generation facility denied a tariff pursuant to this section shall have  
31 the right to appeal that decision to the governing board of the local  
32 publicly owned electric utility.

33 (l) In order to ensure the safety and reliability of electric  
34 generation facilities, the owner of an electric generation facility  
35 receiving a tariff pursuant to this section shall provide an inspection  
36 and maintenance report to the local publicly owned electric utility  
37 at least once every other year. The inspection and maintenance  
38 report shall be prepared at the owner's or operator's expense by a  
39 California-licensed contractor who is not the owner or operator of  
40 the electric generation facility. A California-licensed electrician

1 shall perform the inspection of the electrical portion of the  
2 generation facility.

3 (m) The contract between the electric generation facility  
4 receiving the tariff and the local publicly owned electric utility  
5 shall contain provisions that ensure that construction of the electric  
6 generating facility complies with all applicable state and local laws  
7 and building standards, and utility interconnection requirements.

8 (n) (1) All construction and installation of facilities of the local  
9 publicly owned electric utility, including at the point of the output  
10 meter or at the transmission or distribution grid, shall only be  
11 performed by that local publicly owned electric utility.

12 (2) All interconnection facilities installed on the local publicly  
13 owned electric utility's side of the transfer point for electricity  
14 between the local publicly owned electric utility and the electrical  
15 conductors of the electric generation facility shall be owned,  
16 operated, and maintained only by the local publicly owned electric  
17 utility. The ownership, installation, operation, reading, and testing  
18 of revenue metering equipment for electric generating facilities  
19 shall be performed only by the local publicly owned electric utility.

20 SEC. 2. No reimbursement is required by this act pursuant to  
21 Section 6 of Article XIII B of the California Constitution because  
22 a local agency or school district has the authority to levy service  
23 charges, fees, or assessments sufficient to pay for the program or  
24 level of service mandated by this act, within the meaning of Section  
25 17556 of the Government Code.